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S E C R E T SECTION 01 OF 03 ASTANA 000072

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SUBJECT: KAZAKHSTAN: MONEY AND POWER

REF: ASTANA 0061

Classified By: Ambassador Richard E. Hoagland: 1.4 (b), (d)

11. (S) SUMMARY: During a private dinner, KazMunaiGaz First Vice President Maksat Idenov named, in his view, the four most powerful gate-keepers around President Nursultan Nazarbayev: Chief of Administration and General Services of the President's Office Sarybai Kalmurzayev, the President's Chief of Staff Aslan Musin, State Secretary-Foreign Minister Kanat Saudabayev, and the tandem of Prime Minister Karim Masimov and Nazarbayev's billionaire son-in-law Timur Kulibayev. According to Idenov, in Kazakhstan, market economy means capitalism, which means big money, which means large bribes for the best connected. The following details are a single snapshot of one version of current reality. The significant point is that Nazarbayev is standing with Idenov, not Kulibayev, to maintain international standards to develop the massive Kashagan and Karachaganak hydrocarbon projects.  
END SUMMARY.

12. (S) On January 21, KazMunaiGaz First Vice President Maksat Idenov and the Ambassador had a one-on-one dinner in a nearly empty restaurant (times are still hard!) at the Radisson hotel in Astana. When the Ambassador arrived, Idenov was barking into his cell phone, "Mark, Mark, stop the excuses! Mark, listen to me! Mark, shut up right now and do as I say! Bring the letter to my office at 10:00 pm, and we will go together to take it to (Minister of Energy and Mineral Resources, MEMR) Mynbayev at his house." On ending the call, Idenov explained he was talking to British Gas (BG) Country Director for Kazakhstan Mark Rawlings who had missed the deadline to deliver a letter about arbitration on the Karachaganak super-giant oil-field project (reftel). Still clearly steamed, Idenov alleged, "He's still playing games with Mercator's James Giffin," the notorious AmCit fixer indicted for large-scale bribery on oil deals in the 1990s, whose case drags on in the Southern District Court of New York. "I tell him, 'Mark, stop being an idiot! Stop tempting fate! Stop communicating with an indicted criminal!'" Idenov asked, "Do you know how much he (Rawlings) makes? \$72,000 a month! A month!! Plus

benefits! Plus bonuses! Lives in Switzerland but supposedly works in London. Comes here once a month to check in. Nice life, huh?"

13. (S) Idenov calmed down and said, "Let's look at the menus." Then he immediately started typing on his PDA and turned the screen toward the Ambassador, saying, "Let's look at the 'four courses.'" On the screen were four names: Kalmurzayev, Musin, Saudabayev, and Masimov-Kulibayev." Idenov said, "The Big Four around Number One." (NOTE: Sarybai Kalmurzayev, currently the head of Administration and General Services in the Presidential Administration, was, among other jobs, a former head of the Financial Police and, before that, in the 1990s, in charge of privatization. Aslan Musin is the current Chief of Staff for Nazarbayev. Kanat Saudabayev, a personal friend of Nazarbayev for nearly 40 years, is Minister of State and Foreign Minister. Karim Masimov is Prime Minister, and Timur Kulibayev is currently the favored presidential son-in-law, on the Forbes 500 list of billionaires (as is his wife separately), and the ultimate controller of 90% of the economy of Kazakhstan. END NOTE.) In response to a question, Idenov said that Masimov has a degree of freedom, but never acts without permission from "the hyphen" (Kulibayev). Then Idenov stood up abruptly and carried his PDA to a ledge about 20 feet from the table and asked the Ambassador to turn off his cell phone.

14. (S) Idenov said he wanted to explain why he has been less visible for at least the last half year. Starting last spring, all the "Big Four" (on the menu) began blocking him from seeing President Nazarbayev. In October, KMG President

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Kairgeldy Kabyldin told Idenov, "Kulibayev doesn't want to work with you any more." Idenov said he replied, "Fine," immediately returned to his office, wrote his letter of resignation, and packed up his personal files and photos of his family." He said Mynbayev immediately called and asked, "My dear friend, what are you doing?!" Idenov said he was fed up and was going to the Middle East to work -- "I want out of here!" PM Masimov called and said, "Nazarbayev wants to know how you're doing. He'd really like to see you when you have time." Idenov, who said he'd been trying to see the President for months but had been blocked by the "Big Four," went to see the President and told him, "Kabyldin says Kulibayev doesn't want to work with me any more." Idenov said the President told him to calm down: "It's probably just evil gossip. I'll have Karim (Masimov) talk to Timur (Kulibayev). Then Idenov went to Masimov and told him, "OK, I'll stay, but how do I deal with this?" Masimov said he'd talk to both Kabyldin and Kulibayev.

15. (S) Soon, intermediaries arranged an Idenov-Kulibayev meeting. Idenov said they both pretended to ignore the core problem -- Kulibayev's, he alleged, avarice for large bribes. Idenov averred he told Kulibayev, "Please watch your image and reputation. You have a real opportunity to improve your own image and the image of the nation." Idenov said Kulibayev was "like a Buddha with a Paris manicure," and both understood life would continue. Idenov said he believes he has, so far, the president's protection. "But the games continue," he said. Idenov alleged that both BG and Italy's ENI are corrupt -- and Kulibayev is salivating to profit from them -- but, so far, Idenov stands in the way. "So long as Nazarbayev says he wants Kashagan and Karachaganak developed according to international standards, that's what I'll do."

16. (SBU) (NOTE: Fugitive former CEO of BTA bank, Mukhtar Ablyazov, accused of embezzling over \$1 billion, recently leaked "documentary evidence" to the international media that China's state companies have bribed Kulibayev over \$100 million in recent months for oil deals. END NOTE.)

17. (S) The Ambassador asked if the corruption and infighting are worse now than before. Idenov paused, thought, and then replied, "No, not really. It's business as usual." Idenov

brushed off a question if the current maneuverings are part of a succession struggle. "Of course not. It's too early for that. As it's always been, it's about big money. Capitalism -- you call it market economy -- means huge money. Listen, almost everyone at the top is confused. They're confused by their Soviet mentality. They're confused by the corrupt excesses of capitalism. 'If Goldman Sachs executives can make \$50 million a year and then run America's economy in Washington, what's so different about what we do?' they ask."

#### OTHER TIDBITS

¶8. (S) MODEST WEALTH. Idenov alleged that MEMR's Mynbayev is among the richest in Kazakhstan but "flies under the radar" because he is a relatively modest and very hard-working technocrat. His great wealth derives, in part, from his former ownership of KazKommerzBank -- "But he never flaunts it."

¶9. (S) VULTURES. Idenov alleged that GazProm and China National Petroleum Company "continue to circle like vultures," hoping that the Kashagan and Karachaganak consortia will implode, and then they can pick up the pieces. "Won't happen on my watch!" Idenov vowed.

¶10. (C) HOW TO ORDER LAMB. Idenov insisted the Ambassador order a bottle of wine for their dinner but then never touched his first glass. Instead, he gulped three cans of Coca-Cola while inhaling his food. When both he and the Ambassador ordered lamb chops, Idenov advised, "Well done,

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never rare -- this is Astana, not London!"

¶11. (S) COMMENT: Idenov is effusive, even theatrical, by nature. When he trusts, he spills his heart. Of course, there's no doubt he also spins his own narrative, as we all do. And so, this dinner is simply a snapshot -- but, we would judge, a relatively accurate glimpse of one version of current reality. The significant point is that Nazarbayev is standing with Idenov, not Kulibayev, to maintain international standards to develop the massive Kashagan and Karachaganak hydrocarbon projects. END COMMENT.  
HOAGLAND